



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE

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OWNER OF CHATTANOOGA, TENNESSEE, CAR DEALERSHIPS
INDICTED FOR MULTIMILLION-DOLLAR INVESTMENT FRAUD

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that JOSEPH PREBUL, 48, of Signal Mountain, Tennessee -- the former President of Chattanooga-based Prebul Auto Group and a former member of the Board of Directors of CapitalMark Bank and Trust -- was indicted today on wire and mail fraud charges. PREBUL was arrested on a criminal Complaint on February 10, 2009. As alleged in the twelve-count Indictment filed today in Manhattan federal court:

PREBUL owned and operated a number of car dealerships in Georgia and Tennessee. Commencing in approximately 2004, PREBUL represented to a New York City investor, a relative of his, that an investment in a cash management program account held by PREBUL's car dealerships would earn above-average interest rates, and that invested money would be liquid and accessible. As a result, the investor sent PREBUL millions of dollars over time to be invested. In return, PREBUL occasionally caused statements or spreadsheets to be sent to the investor which falsely showed the investment earning money at a specified rate. In June 2008, the fictitious account statement sent to the investor showed principal and interest in the amount of at least \$12 million. However, on multiple occasions in July and August 2008 when the investor demanded his money back, PREBUL refused. During that same period, contrary to the fictitious June 2008 account statement, the account contained far less, and by July 31, 2008, only approximately \$700,000 was left in the account. Most of the investor's funds had instead been spent to finance PREBUL's businesses and personal and family expenses, including private chartered planes, vacations, and five-star hotel accommodations.

PREBUL is expected to be arraigned on the Indictment before United States District Judge WILLIAM H. PAULEY III on May 15, 2009 at 2:00 p.m. in Manhattan federal court.

PREBUL is charged with eleven counts of wire fraud and one count of mail fraud, each of which carries a maximum sentence of twenty years in prison and a maximum fine of the greater of \$250,000, or twice the gross gain or loss from the offense.

Mr. DASSIN praised the work of the Criminal Investigators of the United States Attorney's Office.

Assistant United States Attorneys REED M. BRODSKY and JENNIFER E. BURNS are in charge of the prosecution.

The charges and allegations contained in the Indictment are merely accusations and the defendant is presumed innocent unless and until proven guilty.

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